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OF COUNSEL

THOMAS P. GRESSETTE, JR. (SC, USVI)

December 2, 2014

CERTIFIED MAIL RETURN RECEIPT REQUESTED

Jocelyn Boyd
Chief Clerk and Administrator
Public Service Commission
101 Executive Center Drive, Suite 100
Columbia, SC 29210

Re: Kiawah Island Utility, Inc. Purchased Water Adjustment Review Request
Our File No.: 5435.002

Dear Ms. Boyd:

I am writing on behalf of Kiawah Island Utility, Inc. (the "Utility") to request that the Commission review and approve an increase in the Utility's rates for potable water to its customers as a result of an increase in the wholesale cost of potable water it purchases from St. Johns Water Company.

This request for review is submitted according to the procedures set forth in the "Purchased Water Adjustment," copy enclosed, approved by the Commission in its Orders in the Utility's last rate case, Order No. 2012-98. The purpose of this pass-through is to allow a simple procedure for increasing the rates for potable water to the Utility's customers in the identical amount of any increase in the wholesale rate charged to the Utility by St. Johns Water Company. The Commission last approved a similar request in its Order No. 2014-136, copy enclosed.

Starting in January 2015, St. Johns Water Company is increasing the Utility's cost of wholesale potable water from \$2.634 per one thousand gallons to \$2.754 per one thousand gallons. The Utility is proposing to increase the rate for potable water to all classes of customers in the same amount -- \$0.12 per thousand gallons -- starting with the February 2015 billings.

In further substantiation of this request I have enclosed a copy of a letter dated November 25, 2014, to me from Becky Dennis, General Manager of the Utility, outlining the basis for the request. The enclosures in her letter include a table showing the

Jocelyn Boyd
RE: KIU Water Rate Increase
December 2, 2014
Page 2

current rates and the proposed new rates as well as the background correspondence from St. Johns Water Company documenting the increase in the Utility's cost of wholesale potable water and the background correspondence to St. Johns Water from Charleston Water System.

In compliance with the Commission's conditions for allowing this increase, the Utility will furnish thirty (30) days prior written notice to its customers of the amount of the adjustment, the basis for it, and the adjustment's effective date. The Utility proposes to implement the increase in its February billings, after PSC approval of its request and after providing this 30-day advance notice to its customers.

If you have any questions or anything additional needs to be submitted to accomplish this request, please feel free to call me or Becky Dennis whose telephone number is on the enclosed letter.

With kind regards, I am,

Sincerely,

PRATT-THOMAS WALKER, P.A.



G. Trenholm Walker

GTW\njd

Enclosures (As noted)

c: F. David Butler, Esq.
C. Dukes Scott, Esq.
Shannon Hudson, Esq.
Becky Dennis
Townsend Clarkson
Patrick Melton

PURCHASED WATER ADJUSTMENT

Kiawah Island Utility, Inc. ("Company") purchases its potable water from the St. John's Water Company ("St. John's"), which in turn purchases the water from the Commissioners of Public Works of the City of Charleston ("CPW"). Whenever CPW increases the price of water sold to St. John's, the increase in price is passed through to the Company pursuant to the water purchase agreement between the Company and St. John's.

The water purchase agreement also provides, as part of the purchased water price, a pro-rata share of St. John's annual operation and maintenance costs to be charged to the Company. Therefore, the Company's revenue requirement for purchased water is made up of the water unit price per thousand gallons and the operation and maintenance costs charged by St. John's.

Accordingly, whenever there is a price adjustment for the purchase of potable water to Kiawah Island Utility, Inc. by the St. John's Water Company, the following billing adjustment shall be made by the Company to its customer rates:

1. Billing Adjustment

In the event that St. John's adjusts (whether an increase or decrease) the unit price per 1,000 gallons and/or the operation and maintenance charges related to the purchase of potable water, the following billing adjustment practice would apply:

- (a) If the unit price is adjusted the cost change per 1,000 gallons would be passed through to the customers as an adjustment in like amount to the consumption charge on their water bill.

Example: The unit price of purchased water is increased by two cents per 1,000 gallons. The consumption charge on the customer's bill would reflect a two cent per 1,000 gallon increase.

- (b) If the pro-rata operation and maintenance charge is adjusted the cost change per 1,000 gallons (based on the most recent 12 months of potable water billed) would be passed through to the customers as an adjustment to the consumption charge on their water bill.

Example: The annual operation and maintenance charge is increased by \$18,000 and the most recent 12 months of potable water billed is 900,000 thousand gallons. The consumption charge on the customers bill would reflect a two cent per 1,000 gallon increase.

2. Notification

Any special billing adjustment shall not be billed until the following conditions are met:

- (a) The Company shall furnish the South Carolina Public Service Commission satisfactory proof of the basis for the adjustment and the billing method to be utilized at least sixty (60) days prior to its proposed effective date.
- (b) The Company shall furnish thirty (30) days prior written notice to the customers affected by the Purchased Water Adjustment advising them of the basis for the billing adjustment and its effective date.

BEFORE
THE PUBLIC SERVICE COMMISSION OF
SOUTH CAROLINA

DOCKET NO. 2001-164-WS - ORDER NO. 2014-136

JANUARY 28, 2014

IN RE: Application of Kiawah Island Utility, Incorporated for Approval of an Increase in Its Rates and Charges for Water and Sewer Service)))))	ORDER APPROVING PASS THROUGH OF WHOLESALE RATE
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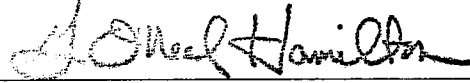
This matter comes before the Public Service Commission of South Carolina ("Commission") on the request by Kiawah Island Utility, Inc. (the "Utility") to increase its rates for potable water to its customers as a result of an increase in the wholesale cost of potable water it purchases from the St. Johns Water Company. This request was submitted according to the procedures set forth in the "Purchased Water Adjustment" section of Order No. 2002-285 (April 18, 2002).

Specifically, St. Johns Water Company has revised its wholesale potable water charge to the Utility from the current rate for purchased water of \$2.513 per thousand gallons to the new rate of \$2.634 per thousand gallons, which is an increase of approximately \$0.12 per thousand gallons. It is the Utility's intent to pass this increase to each potable water consumption tier, starting with the April 2014 billings.

The request of Kiawah Island Utility is granted, allowing the Utility to pass through the increase in the bulk water rate charged by St. Johns Water Company. The \$0.12 increase per thousand gallons of water may be passed on to customers once the utility has provided at least thirty (30) days' written notice of this ruling to its customers.


This Order shall remain in full force and effect until further order of the Commission.

BY ORDER OF THE COMMISSION:



G. O'Neal Hamilton, Chairman

ATTEST:



Nikiya Han, Vice Chairman

(SEAL)



November 25, 2014

G. Trenholm Walker
Pratt-Thomas Epting & Walker
16 Charlotte Street
Charleston, SC 29403

Dear Mr. Walker:

Kiawah Island Utility, Inc. (KIU) received a letter from the St. Johns Water Company (SJWC) informing us that an increase in rates to their wholesale customers will become effective January 1, 2015.

The current approved rate for purchased water is \$2.634. The new rate of \$2.754 is an increase of \$0.12 per thousand gallons. This increase, for the January 2015 usage, will be charged on the January 31, 2015 statement.

We are requesting approval to begin charging our customers an increase of \$0.12/thousand gallons commencing with the February 2015 statements. Upon receipt of PSC approval, we will give our customers a 30 day advance notice of the increase to all tiers and classes of potable water.

I have attached a copy of the letter from Charleston Water Systems to SJWC and from SJWC to KIU related to the increase. In addition I have enclosed a schedule comparing the existing rate to the new rate resulting from this increase.

If you require any additional information to prepare the packet for the Public Service Commission please do not hesitate to contact me either by phone at (843) 768-0641 or email.

Sincerely,

A handwritten signature in cursive script, reading "Becky J. Dennis".

Becky J. Dennis
General Manager

CC: Patrick Melton
Townsend Clarkson

Kiawah Island Utility, Inc.

	Consumption Rates	
Rate Schedule # 1 - Residential	Old	New
Tier #1 (up to 11,000)	3.30	3.42
Tier #2 (11,000 - 50,000)	3.75	3.87
Tier #3 (all over 50,000)	4.02	4.14
Rate Schedule # 2 - Commercial	Old	New
All water consumption	4.02	4.14
Rate Schedule # 3 - Hotel	Old	New
All water consumption	4.02	4.14
Rate Schedule # 4 - Irrigation	Old	New
Tier #1 (All up to 50,000)	3.75	3.87
Tier #2 (All over 50,000)	4.02	4.14
Rate Schedule # 5 - Fire Hydrant Service	Old	New
Temporary use by contractor	4.41	4.53
Rate Schedule # 6 - Golf Course Irrigation	Old	New
Effluent water	0.17	0.17
Deep Well water	0.24	0.24
Potable water	4.02	4.14
Rate Schedule #7 - Fire Line Service	Old	New
No consumption charge in the schedule	N/A	N/A

ST. JOHN'S WATER COMPANY, INC.

Post Office Box 629
John's Island, South Carolina 29457-0629
Phone (843) 559-0186
Fax (843) 559-0371

Board Members

Julia H. Grant, Chair
Thomas Legare, Jr., Vice Chair
Robert M. Lee, Sec/Treas
Isaac Robinson
Becky J. Dennis
Cindy M. Floyd
Cheryl Glover
Richard Thomas
Tommy West

November 25, 2014

Ms. Becky Dennis
Kiawah Island Utilities
31 Sora Rail Road
John's Island SC 29455

Re:2014-2015 Rate Increase

Dear Becky,

Charleston Commissioners of Public Works has informed St. Johns Water Company of a rate increase effective January 1, 2015. This new rate will be reflected on the usage reading as of January 31, 2015 as it is usually read on the last day of the month. The new rate has been computed to equal \$2.754 per one thousand gallons. Your current rate per one thousand gallons is \$2.634.

At this time your O & M Charges will not change until we receive information from the audit for year ending September 30, 2014.

If you have any questions, please call me at your convenience.

Sincerely,

Laurie Ryan
Accountant



PO Box B
Charleston, SC 29402

103 St. Philip Street (29403)
(843) 727-6800
www.charlestonwater.com

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David E. Rivers, Vice Chairman
William E. Koopman, Jr., Commissioner
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Dorothy Harrison, Chief Administrative Officer
Wesley Ropp, CMA, Chief Financial Officer
Andy Fairey, Chief Operating Officer
Mark Cline, P.E., Capital Projects Officer

September 2, 2014

Ms. Ava Robichaux
St. Johns Water Company
P.O. Box 629
Johns Island, SC 29455

Subject: 2015 Wholesale Municipal Rate

Dear Ms. Robichaux:

This letter is to notify you that we are implementing the second of three (3) rate increases which were approved by our Board of Commissioners on November 26, 2013. The current wholesale municipal rate is \$1.97/Ccf. Effective January 1, 2015, the new wholesale municipal rate will be \$2.06/Ccf.

If you have any questions, feel free to contact me at 727-6916. As always, we look forward to continuing our long-standing relationship.

Sincerely,

A handwritten signature in black ink, appearing to read "Wesley Ropp", written over a horizontal line.

J. Wesley Ropp, CMA
Chief Financial Officer

cc: Colleen Schilds, St. Johns Water Company
Laurie Ryan, St. Johns Water Company
Kin Hill, P.E., Chief Executive Officer
Dorothy Harrison, Chief Administrative Officer
Mark Cline, P.E., Capital Projects Officer
Andy Fairey, Chief Operating Officer
Brenda Goldstein, Director of Finance
Gloria Fielding, Billing Manager